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FROM: KARACHI

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Secretary of State TQ:

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ACTION DEPARTMENT 328, INFORMATION NEW DELHI 120, LONDON 87.

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AID

1. PAK PRESS AUGUST 12 GAVE FRONT PAGE PLAY BHUTTO REMARKS TO APP CRITICAL OF HOUSE FOREIGN AFFAIRS COMMITTEE REFERENCES KASH

ISSUE. EDIT REACTION ALSO GENERALLY CRITICAL ALTHOUGH SOME SEE GAIN IN COMMITTEE REALIZATION THAT AID AND KASHMIR LINKED.

USIA

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CIA

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ARMY

NAVY

AIR RMR

2. DAWN HEADLINED "THREAT OF SANCTIONS AGAINST WRONGED ALLY ST BHUTTO REMINDS US OF KASHMIRS RIGHTS. " BHUTTO REPORTED SAYING ALLY WILL NOT APPLY SANCTIONS EQUALLY TO WRONGED AND WRONG DOE FELT COMMITTEE RECOMMENDATION " OVER-SIMPLIFICATION OF DIFFICE SITUATION." ADDED "US HAS ALWAYS SUPPORTED RIGHTEOUSNESS CAUSE OF PEOPLE OF KASHMIR". SAID "DISTINCTION HAS TO BE DRAWN BETWEEN THOSE WHO HOLD JUST CAUSE AND THOSE WHO OPPOSE JUSTICE AND IT "NOT CONDUCIVE TO CAUSE INTERNATIONAL PEACE AND MORALI" IF THIS DISTINCTION NOT APPRECIATED. " CONCLUDED "HOW THEN IT POSSIBLE FOR USA APPLY SANCTIONS EQUALLY NON-ALIGNED WRONG-DO AND ALLIED REDRESSER OF WRONG."

3. DAWN EDITORIAL AUGUST 11 "ADDING INSULT TO INJURY" SAID COMMITTÉE HAD "SHOWN NEITHER SENSE OF REALITY NOR DISPLAYED M REGARD FOR TRUTH BY PUTTING PAKISTAN ALONGSIDE INDIA ON THE D ASKED " HOW SINCERE ARE AMERICAN POLITICIANS WHEN THEY TALK VISITING THEIR DISPLEASURE ON INDIA AS WELL AS PAKISTAN IF KASHMIR DISPUTE NOT SETTLED. " SURMISED "HERE AGAIN THEY SAY O THING - AT LEAST EXECUTIVE WING - AND MEAN ANOTHER" CITING IN CREASED LEVEL AID TO INDIA AND CUTTING BACK "INDIRECTLY" ON A TO PAKISTAN: "THE TARBELA DAM MOST NOTABLE EXAMPLE".

QUOTED SUPPOSED REMARK REPRESENTATIVE GROSS RE AUTHORITIES "SUPPRESSING"

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-2- 328, AUGUST 12, FROM KARACHI

"SUPPRESSING" WORLD BANK REPORT "FAILURE FOREIGN AID PROGRAM TO INDIA." AGREED WITH GROSS "IT SHOCKING THAT WORLD BANK'S STUDY OF INDIAN SITUATION SHOULD BE KEPT SECRET."

4. PAKISTAN TIMES AUGUST 11 EDITORIAL "ARMS AID AND KASHMIR" VIEWED COMMITTEE COMMENTS" IN MARKED CONTRAST STAND TAKEN BY KENNEDY ADMINISTRATION THAT MILITARY AID TO INDIA AND KASHMIR ISSUE NOT INTERLINKED "ADDED" TO THIS EXTENT COMMITTEE STATE—MENT APPEARS TO TAKE SYMPATHETIC NOT PAKISTAN APPREHENSIONS AND PROTEST WHICH AMERICAN GOVERNMENT LEADERS HAVE GENERALLY TENDED TO IGNORE." SAID "PAKISTAN MAY DRAW SOME CONSOLATION FROM FACT US CONGRESSMEN DO NOT APPEAR AS IMPERVIOUS TO REASON OR AS DEVOID OF REALISM AS POLICYMAKERS IN WASHINGTON." HOWEVER, "IT DOUBTFUL IF THEY ABLE TO INFLUENCE POLICIES ADMINISTRATION WHICH DOES NOT DISCRIMINATE BETWEEN WELL—MEANING ALLIES AND BLACKMAILING NEUTRALISTS."

**MCCONAUGHY** 

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LEGISKATIWE COURSEL

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